

## MISSION STATEMENT

To improve the economic base of the veterinary profession, ensuring that the delivery of veterinary care and service meets the needs of society.

*As part of the NCVEI's continuing effort to explore the findings presented in the KPMG Study, Dr. Lonnie King, who serves as vice chair of the Commission's Board of Directors, provides his perspective. In the following article, Dr. King pays particular attention to the topic of demand for veterinary services and potential related opportunities.*

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## "It was the best of times, it was the worst of times"

*A perspective on the KPMG study*

*Lonnie J. King, DVM*

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After reading and studying the full report of "The Current and Future Market for Veterinarians and Veterinary Medical Services in the United States,"<sup>1</sup> I am reminded of the opening line of Charles Dickens' novel "A Tale of Two Cities"—"It was the best of times, it was the worst of times." Depending on one's perspective, interpretation of the KPMG study results, or position within the profession, one might defend either conclusion.

The KPMG study, often referred to as the Megastudy, is perhaps the most comprehensive and thorough assessment of the veterinary profession to date. It is deserving of our attention and careful analysis, because it raises serious questions about our future and, at the same time, offers encouragement about our true potential.

For me, the results of the KPMG study suggest that if our profession doesn't make a series of strategic and substantive changes to create a different future, it is likely that we will wind up in a state of lost opportunity. Most important, the profession will fail to meet

societal needs and demands. The good news is that the veterinary profession is not necessarily destined to a "worst of times" future scenario. We have the opportunity to create a different future—hopefully one resembling the "best of times."

### Income Impact

The KPMG report included the statement that "stagnant real income is the most significant problem that veterinarians face." This situation was reinforced when real incomes were compared with those of other professions. I concur there is a need to raise incomes, but I also suggest that we take care to not make it our only goal. Success is really an individual judgment and perhaps students, new graduates, and women have different views of professional and personal success. These differences do not suggest that one's view or definition of success is right or wrong. However, differences in expectations may have substantial implications with regard to planning and implementing change strategies in the future.

The KPMG report included results from a number of customer and public surveys that found veterinarians to be highly regarded, valued, and respected professionals. The profession is in an enviable position. We are characterized as trustworthy, honest, compassionate, intelligent, and technically proficient. I suggest these characteristics mirror our defining principles, our core values, which should never be compromised. It is not inconsistent to maintain our strong set of core values, deliver excellent healthcare, and expand into new horizons while being remunerated in a manner that is congruous with our high level of skill and education and the value of our services. The KPMG report points out the relative inelasticity of demand and the high value clients place on veterinary services. Yet, we consistently and substantially undervalue our services, which are manifested in low pricing schedules and subsequently lower incomes.

Incomes have far reaching implications beyond salary levels. Without improving incomes, the following may occur: suboptimal performance; no reinvestment back into practice improvements; inadequate funds to acquire new equipment and sophisticated technology; inability to hire technicians and technologists; less money for continuing education and personal improvement; reductions in service quality; difficulty in repaying student loans; and finally, a subtle shift toward creating a profession that is more elitist, where only the truly wealthy can afford to enter into a veterinary career. Thus, lower incomes impact the entire profession, not just practitioners. While we must continue to aspire to the greater purpose of improving human and animal health rather than just personal gain, we cannot do so to the detriment of our future well-being, professional stability, or the quality of healthcare.

#### Demand for Services

The KPMG study evaluated the demand for veterinary services and estimated a fairly robust real annual growth rate of 5.1% for expenditures on veterinary services through 2015. This growth in demand will primarily be

driven by the demand for services for companion animals. The projections for demand of food-animal and public practice services painted a different picture. The massive restructuring of agriculture and the globalization phenomenon has inextricably changed the landscape for veterinarians and veterinary services. The KPMG report detailed these changes; however, the real implications of these huge changes were not clearly defined.

Today, almost 96% of all consumers reside outside the United States. The needs for food animal products by developing countries are projected to more than double by 2020 when the world population will be approximately 7.7 billion.<sup>2</sup> The future of our food animal sector should not be limited to domestic production and exports. Rather, we need to look at global opportunities and jobs outside our borders.

Are we prepared to be leaders in the global food and fiber system? The almost universal concerns over the safety of our food supply and animal well-being, the need to address the environmental and sustainability problems associated with new production systems, as well as the need for expert management of our ecosystems don't just offer new opportunities—they add new responsibilities for veterinary medicine in the future. The demand for help in these areas is obvious; yet, it is much less certain that these opportunities will be grasped by veterinary medicine.

To me, the issue is not so much about the supply of veterinarians; rather, it is the need for food animal and public practice veterinarians to acquire new skills. In our recent past, veterinary medicine has failed to take full advantage of remarkable opportunities in the poultry and aquaculture industries. Currently, our critical role in biomedical research and public health is undergoing a similar challenge. The lesson learned is that if we have anything to worry about, it is less the opportunities than our capacity to equip ourselves to take advantage of these opportunities.<sup>3</sup> The challenge is that competitors with the skills and knowledge will leverage these new

opportunities, pushing the veterinary profession to the side because we failed to respond to changing circumstances and new societal needs. Consistently, our perception of societal needs has been too narrow. The important and broad dimensions of our professional responsibilities continue to be neglected.

#### Potential Opportunities

In *Competing for the Future*<sup>4</sup> Hamel and Prahalad emphasized that competition for opportunity share rather than market share should be the basis of strategic planning. Given our current skills, attributes, and competencies, what share of the future opportunities are we likely to capture?

I envision a profession with new skills in marketing, public relations, and client education. With innovation and creativity, we can capture new opportunities that could produce a critical shortage of veterinarians in the future. Economists calculated that a 1% increase in demand for veterinary services (about \$100,000,000/y increase through 2015 based on a \$10 billion total enterprise) would result in the need for 9,800 more veterinarians beyond current expectations by 2015.<sup>1</sup> I believe we have a phenomenal upside potential.

Colleges of veterinary medicine have focused on producing scientifically knowledgeable and technically competent professionals. Yet, increasingly, the critical success factors for veterinarians in our rapidly changing world are seemingly less about our scientific and technical skills and more about life skills, including interpersonal competence and entrepreneurship; ability to adapt, leverage technology, create and take advantage of new opportunities, and work in teams; as well as possess high self-confidence and a desire to improve and continuously learn. The acquisition of these skills will produce new graduates who are better equipped to raise incomes, meet societal needs, and truly reach our profession's potential.

Today, approximately 10,000 veterinary students, interns, residents, and other post-professional degree students are part of our academic enterprise in

the United States. Without question, this collective and our institutions represent the single most important leverage point for change in veterinary medicine. Thus, colleges of veterinary medicine have both the challenge and obligation to help resolve many of the issues that emerged from the KPMG study, and also help broaden our scope and better prepare students to take advantage of the immense opportunities available to them. In light of the KPMG study, I believe we need to critically review our admission criteria, curriculum, student experiences, and CE topics. The ability to change and manage change has not always been a forte of higher education or our profession, but I am confident that our colleges will respond positively.

The vision of what we can and need to become is not the same as our current reality. The KPMG report is especially helpful in that it provides empirical evidence that the status quo is unacceptable. This is not a time of despair;

rather, it is a time to restore a new sense of possibilities and community. Our principal impediments to change and progress include ourselves and our current belief about limits of what is possible to undertake and achieve. These self-limiting beliefs are based mainly on our own experiences and professional past. We need to stop trying to figure out what to do by looking at what we have done—we need to focus on what is truly needed and possible.

Despite the various opinions and perspectives on the KPMG study, we have a special opportunity to come together as a profession to plan our future based on a bold vision. The National Commission on Veterinary Economic Issues can provide the forum and impetus to further evaluate results of the KPMG study, conduct a national dialogue on the topics, and begin creating this vision. Strong leadership, new skills, and the unification of the profession will be essential to the visioning process. Then, the vision

must be translated into workable plans and actions by balancing conflicting opinions and agendas. Finally, we must further blend these into a strategic architecture that ensures that we meet the many and changing needs of society to create the “best of times.”

#### References

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4. Hamel G, Prahalad CK. *Competing for the future*. Boston: Harvard Business School Press, 1994; 30-32.